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BENEFICIAL EFFECTS OF INDUSTRIAL COMBINATIONS ON LABOR CONDITIONS

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The effect of industrial combinations on labor conditions is a subject which cannot be treated mathematically. There is involved so much human nature and personal judgment that no conclusions can be reached which are positive and without exception. It is practically impossible for the general public to reach an accurate and fair minded decision on these matters if based on published fragmentary statements and sensational mis-statements. The conclusions which I am about to state are based on ten years' experience in the operation of factories and mills in several different industries and in several different parts of the country.

In discussing the effect of industrial combinations on labor conditions, let us first classify these effects as direct and indirect and then state several definitions so that we will be clearly talking and thinking along the same lines.

Industrial combination means the combining under one ownership and one operating organization of several (previously) separately owned and separately operated units of manufacture or production. It is best likened to the combining under one general of the artillery, cavalry, and infantry of several armies which have been operating independently in several different localities. An industrial organization is markedly similar to an army organization. The military organization, however, has the great advantage that discipline may be enforced and treason punished. I do not urge that in the industrial organization men should be injured or deprived of the right to protest at the dictates of those in command. I do believe, however, that it is a menace to everybody, to allow self-appointed leaders to rise up and by threats and mis-statements lead men into disorganization.

Labor conditions mean conditions under which men labor or work. The conditions under which men live and pursue happiness

form another phase of the subject. The former, or direct, is the set of conditions under which he gets his money; the latter, or indirect, is the set of conditions under which he spends his money.

Labor we will define as the men who work almost entirely with their muscular energy at wages ranging from fifteen cents per hour to about forty cents per hour. The lower the wage, the less the mental effort which accompanies the muscular effort. The man at forty cents per hour does very little sustained mental work except the more or less unconscious thinking which controls his muscular movements. We speak of him as trained.

Industrial combination might be expressed as factory combination, and we will therefore look to the factory for the conditions of labor. Let us take the small factory, probably owned or operated by a single man or a small group of men. In this group of small factories we will find the one which is ideal, the one which is mediocre, and the one which is execrable. In the remaining group of large factories we will find the one which is ideal and the one which is mediocre, but not the one which is execrable. The reason is clear. The large factory is modern. Modern means ideal or mediocre, depending on the men who build it.

This line of thought then leads to the inevitable conclusion that, in general, the large factory is nearer ideal than the smaller one, and hence that the labor conditions in the large factory are better than in the small one. Now, since industrial combination is almost sure to result in the combining of several small plants into one large one, we therefore reach the conclusion that industrial combination improves labor conditions.

We have reached our conclusion by what some may term a mere line of logical argument. Let us define the basis of the conclusion in detail. What are the conditions of labor? They are

1. Wages.
2. Sanitary conditions.
3. Protection from dangerous machines.
4. Protection from fire.
5. Protection from building failure.
6. Co-employment of physical and mental weaklings and degenerates.
7. Honesty and fairness of the management.
8. Proper adjustment of the rate of work.

Almost without exception, the factory of the combination will exhibit these qualifications of improved labor conditions to a much greater degree than will the factory of the small independent operator. Nor is the improvement of conditions yet completed. So long as science leads the way, there will be continued improvement. With the leaders it will be voluntary, with the laggards it will be forced by the laws of the state.

Before passing to the indirect effects of combination, I would say a word to those who agree with these conclusions on all the points except that of wages. There are those who think that a combination, having gained a virtual control of an industry, will lower or prevent the increase of wages. I have heard it urged that because a single company controlled most of the factories making a given product, that the specially trained workers could only gain a living at that particular work and would have to accept the wages offered by the combination. With all respect for the holders of such an opinion, I would say that in my experience it has always worked out the other way. Nobody is forced to work at a given calling; nobody is forced to sell his product at a given cost; how much simpler, easier and cheaper for the combination in this position to raise the selling price than to lower wages and disrupt the organization.

Raising the selling price is the stepping stone to the consideration of the indirect effects of combinations on labor conditions. We now begin to consider the subject of how a man spends his money in living and the pursuit of happiness.

The firm foundation on which industrial combination rests is the reduction of the cost of production. The next and inevitable step is reduction of selling price; inevitable, because if the price is not reduced, competition and destructive price cutting will arise. If the selling price is reduced, then the effect of combinations on indirect labor conditions is that the buyer gets more or better for the same money. Here again, it will be urged, we reach a conclusion by a process of reasoning. There are some who will say that the conclusion is at variance with the facts. Let us cite an example. Few of us remember the quality or cost of a gallon of oil when the oil combination was started. Did you watch the cost come down and the quality improve as this combination progressed, and did you watch the increase in the wages of those employed in its production? This

is all a matter of record. Again, now that this combination is dissolved into thirty independent companies, have you watched the price of oil go up?

It is unfortunate for our social equilibrium that during the past twenty-five years—the period of great industrial combinations—there has appeared a new and elusive factor that has tended to nullify or hide the true facts concerning the effects of industrial combinations. This new factor is compound. It has appeared almost suddenly, coincident with industrial combination. Increase in the production and free coinage of gold is the first part, and increase in demand, or population, is the second part. The mere increase in the production of gold is bad enough—it makes a dollar worth less. It realizes to a degree what you feared from the free coinage of silver, not so many years ago; but, added to this decreased purchasing power of a dollar, comes a greater demand for everything, which of itself would raise the buying price. Had industrial combination occurred with a decreasing gold production and a stationary demand, we would hail the combination as the great reducer of the cost of living. Industrial combination has proceeded in spite of the effects of these two most potent world-wide forces being used against it.

The world-wide labor strikes of to-day, and the undercurrent of dissatisfaction with all existing conditions, whatever they may be, are due very largely to one thing, namely, the great increase in the production of gold. It is clear that if enough gold were produced and coined into money, so that gold dollars were as common as grains of sand, it would take a great many dollars to purchase a loaf of bread. There has already been produced enough gold to seriously disturb the former balance between wages and the cost of living. So long as the production of gold continues to increase at a greater rate than the increase in population, we will continually have labor and salaried workers rightfully asking for increased wages. This condition of struggle and lack of balance can only be restored and held stable by international agreement limiting the production of gold, or by adopting a new composite and constant standard of value.

In every group of a hundred men or combinations there will be found two more or less dishonest ones. So long as human nature remains as it is these two will temporarily damage and embarrass us according to their ability. In spite of them, however, industrial

combination has had and will continue to have a beneficial effect on labor conditions, both directly and indirectly. It makes better wages, better working conditions and better living conditions.

In closing, permit me to leave one thought with you. Industrial combination is in accord with the natural laws; neither you nor I can amend or repeal the laws of nature.